Summary of President Trump's FY 2026 "Skinny" Budget Proposal

On May 2, 2025, President Donald Trump released his fiscal year (FY) 2026 discretionary "skinny" budget request, outlining his administration's high-level spending priorities. This document serves as a policy blueprint that signals the administration's direction ahead of the congressional appropriations process. The budget proposes deep cuts to the Department of Housing and Urban Development (HUD), including a 44% overall reduction in funding and a 43% cut to rental assistance programs.

This marks the start of an extensive budget reconciliation process between the Senate and the House. CEDAM will track developments, share important updates and advocacy alerts related to housing, and engage with members of Congress to safeguard essential funding for housing and economic development programs across Michigan.

Key Departmental and Programmatic Impacts

HUD

- **40% cut reduction** to HUD affecting affordable housing, homelessness, and community development programs.
- **Eliminates CDBG and HOME programs**
- Slashes $26.72 billion from HUD's rental assistance programs – including Housing Choice Vouchers (HCVs), Public Housing, Project-Based Rental Assistance (PBRA), Section 202 Housing for the Elderly, and Section 811 Housing for Persons with Disabilities – by combining them and block granting them into State Rental Assistance Block Grants and would impose a two-year time limit on receiving rental assistance for "able-bodied adults".
- Cuts Homelessness Assistance Grants (HAG) by $532 million, and "consolidating" the Continuum of Care (CoC) program and Housing Opportunities for Persons with AIDS (HOPWA) program into the Emergency Solutions Grant (ESG) program. Under the proposal, people experiencing or at-risk of homelessness would only be able to receive assistance for two years.
- Reduces funding for HUD's Healthy Homes and Lead Hazards programs by $296 million.

Treasury

- **Community Development Financial Institution Fund cut to $33M**: Focuses only on administration, oversight, and certification.

Department of Health and Human Services

- Eliminates the Low-Income Heating and Energy Assistance Program (LIHEAP)

Department of Commerce

- **Eliminates Economic Development Administration (EDA)**: Ends support for innovation, public works, and disaster recovery.
- **Eliminates Minority Business Development Agency**: Due to focus on race- and equity-based programming.

Small Business Administration (SBA)

- **33% ($600M) reduction**
- **Eliminates 15 programs**, including:
    - Women's Business Centers
    - SCORE (noted for LGBTQ+ support)
- **Retains Small Business Development Centers** (SBDCs), with a $10M increase focused on veterans.

Department of Labor

- **Eliminates Job Corps**: A key workforce development program for low-income youth.

USDA

- **$721M in Rural Development cuts**
- Eliminates support for rural broadband expansion and several housing/business programs.

Department of Energy (DOE)

- Eliminates **Infrastructure Investment and Jobs Act (IIJA)** funding (over $15.2B)
- Cuts to:
    - **Office of Energy Efficiency and Renewable Energy** ($2.6B): Reduces support for industrial decarbonization
    - **Advanced Research Projects Agency–Energy** ($260M): Limits clean energy innovation
    - **Fossil/Nuclear energy offices** refocused on early-stage tech only

Regional Commissions

- **Eliminates six regional commissions,** including the Great Lakes Authority